GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1741
ANSWERED ON:28.11.2002
DEAL BETWEEN ONGC VIDESH AND CHINESE OIL COMPANIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the experts have favoured deal between ONGC-Videsh, or Chinese oil companies;

(b) if so, whether the western oil majors such as Exxon-Mobil, BP and BG can get any oil property that they want and the India and China cannot compete with them;

(c) if so, the steps Union Government proposes to take in this regard;

(d) whether any agreement between India and China has been reached or is considering to reach an agreement on this issue; and

(e) if so, the details thereof?

Answer

Minister of State in the Ministry of Petroleum & Natural Gas and Minister of State in the Ministry of Parliamentary Affairs (Shri Santosh Kumar Gangwar)

(a) to (c): ONGC-Videsh Ltd.(OVL) has been acquiring oil and gas properties abroad on the merits of the assets and after careful evaluation of the worth of the properties. The company has laid down its minimum hurdle rate of return for acquiring such properties. Similarly, international oil companies have their own criteria of evaluation and would be competing on their terms. In such a situation a particular company cannot be expected to be the winning bidder on every transaction.

(d) & (e): Gen erally, mutually beneficial collaboration between oil companies is always a welcome step. OVL is pursuing acquisition of 25% stake in the Greater Nile Oil Project in Sudan, where the China National Petroleum Corporation(CNPC) of China is also a consortium partner, which may lead to cooperation between OVL and the Chinese and other international companies in future.